



NEWS RELEASE

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MARCH 2, 2006

FOR IMMEDIATE RELEASE

LEE'S SUMMIT HELICOPTER DEALER INDICTED FOR FRAUD

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that the owner of a Lee's Summit, Mo., company that purchases damaged helicopters and repairs them for resale was indicted by a federal grand jury today for a fraud scheme that involved the sale of improperly repaired helicopters that jeopardized the safety of pilots and passengers.

Robert A. Schlotzhauer, 66, of Lee's Summit, and his business, Falcon Helicopter, Inc., 2451 NE Douglas Rd., in Lee's Summit, were charged in a 15-count indictment returned by a federal grand jury in Kansas City.

Today's indictment alleges that **Schlotzhauer** unduly placed at risk prospective pilots and passengers of two helicopters as a result of the fraud scheme. In order to maximize profits and reduce costs, the indictment says, **Schlotzhauer** failed to adhere to FAA-required practices concerning inspections and repairs to the helicopters. **Schlotzhauer** allegedly made fraudulent and material misrepresentations concerning inspections, repairs, the extent of the damage, and the condition of these aircraft, not only to the FAA but also to subsequent purchasers and prospective purchasers. **Schlotzhauer** also allegedly made false and fraudulent material misrepresentations in required FAA forms.

According to the indictment, **Schlotzhauer** purchased three helicopters in 2001 that were involved in separate accidents and were substantially damaged.

Schlotzhauer extracted components from a McDonnell Douglas 369E helicopter that was involved in an accident and installed those parts in another McDonald Douglas 369E helicopter that was also involved in an accident. According to the indictment, the first helicopter was involved in an accident in the Pacific Ocean off the coast of Australia, and was submerged for several hours. This aircraft was insured for \$700,000 and was evaluated by an insurance adjuster

to be a total loss due to complete salt water immersion and damage from the impact of the crash. **Schlotzhauer** purchased the helicopter for \$35,000 on July 20, 2001. The second aircraft was involved in an accident in Dartford, England, and was sold as salvage to **Schlotzhauer** for \$30,650 on April 16, 2001.

Schlotzhauer later installed key components of the second helicopter into the first helicopter, which he sold to Rainbow Air, Inc., for \$450,000 on June 25, 2002. Rainbow Air used the helicopter to transport tourists at Niagara Falls.

According to the indictment, **Schlotzhauer** falsely and fraudulently minimized the extent of the aircraft's damage from Rainbow Air representatives. Among other things, **Schlotzhauer** allegedly created a new aircraft logbook when he returned the helicopter to service. The original logbook possessed by **Schlotzhauer** contained an entry by the previous owner indicating that the aircraft had been submerged in salt water; however, this page was discovered missing by FAA inspectors.

Schlotzhauer allegedly failed to conduct various FAA-required inspections on the helicopters and failed to document FAA-required inspections in the aircraft logbook, and allegedly failed to overhaul the main rotor transmission and to scrap the main rotor drive shaft and engine to transmission drive shaft as required by FAA regulations.

Schlotzhauer also purchased a third helicopter in 2001, according to the indictment, which he attempted to sell. A Eurocopter 120B helicopter, valued at approximately \$1 million, sustained extensive damage when it crashed while landing and was sold to **Schlotzhauer** as salvage for \$110,000 on Jan. 4, 2001. The indictment alleges that **Schlotzhauer** contracted with two non-licensed mechanics to design the repair scheme utilized to return the Eurocopter to service, and improperly supervised their work in violation of FAA regulations.

The indictment alleges that **Schlotzhauer** misrepresented the extent of the damage to the plane when he attempted to sell it to a prospective purchaser for \$650,000 in November 2002. Instead, the indictment says, a representative of that purchaser conducted an inspection of the helicopter and notified the FAA that he didn't believe it was airworthy. The FAA revoked the helicopter's Standard Airworthiness Certificate. **Schlotzhauer** later sold the helicopter for the reduced price of \$325,000, based in part on the limited Experimental Airworthiness Certificate then in effect.

Counts One and Two of the federal indictment allege that **Schlotzhauer** committed mail fraud and wire fraud in the scheme to sell the helicopter to Rainbow Air.

Counts Three through Eleven of the federal indictment allege that **Schlotzhauer** made a series of false statements to the FAA related to aircraft repairs, log book entries and applications for airworthiness certificates.

Counts Twelve and Thirteen of the federal indictment allege that **Schlotzhauer** committed aircraft parts fraud by using fraudulent and materially false records and documents

related to the repairs made to the two helicopters when he sought airworthiness certificates from the FAA.

Counts Fourteen and Fifteen of the federal indictment are forfeiture counts, which would require **Schlotzhauer** to forfeit to the government any property derived from the proceeds of the offenses alleged in Counts Twelve and Thirteen, including \$775,000.

Graves cautioned that the charges contained in the indictment are simply accusations, and not evidence of guilt. Evidence supporting the charges must be presented to a federal trial jury, whose duty is to determine guilt or innocence.

This case is being prosecuted by Assistant U.S. Attorney William L. Meiners. It was investigated by the Department of Transportation, Office of Inspector General.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow/index.html